

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 257/GT/2020**

**Coram:**

**Shri I.S. Jha, Member  
Shri Arun Goyal, Member  
Shri Pravas Kumar Singh, Member**

**Date of Order: 22<sup>nd</sup> June 2023**

**IN THE MATTER OF**

Petition for truing-up of tariff for the period 2014-19 and for determination of tariff for the period 2019-24 in respect of Rangit Power Station (60 MW).

**AND**

**IN THE MATTER OF**

NHPC Limited  
NHPC Office Complex, Sector-33,  
Faridabad (Haryana)- 121003

**...Petitioner**

Vs

1. West Bengal State Electricity Distribution Company Limited,  
Vidhyut Bhawan (8<sup>th</sup> Floor)  
Block-DJ, Sector-II, Salt Lake,  
Kolkata- 700091 (West Bengal)
2. Damodar Valley Corporation,  
DVC Towers, VIP Road,  
Kolkata -700054 (West Bengal).
3. Jharkhand Bijli Vitran Nigam Limited,  
H.E.C Dhruwa, Ranchi,  
Jharkhand-834002.
4. North Bihar Power Distribution Company Limited,  
Vidyut Bhawan, Bailey Road,  
Patna – 800001(Bihar)
5. South Bihar Power Distribution Company Limited,  
Vidyut Bhawan, Bailey Road,  
Patna – 800001(Bihar)



6. Department of Power,  
Govt. of Sikkim, Kazi Road,  
Gangtok Road – 737101 (Sikkim)

...Respondents

**Parties Present:**

Shri Rajiv Shankar Dvivedi, Advocate, NHPC  
Shri S.P. Rathour, NHPC  
Shri Piyush Kumar, NHPC  
Shri Rajesh Joshi, NHPC  
Shri R.B. Sharma, Advocate, BRPL  
Ms. Megha Bajpeyi, BRPL  
Shri Navin Prakash, Advocate, SBPDCL & NBPDCCL

**ORDER**

This Petition has been filed by the Petitioner, NHPC Limited for trueing-up of tariff of Rangit power station (60 MW) (in short ‘the generating station’) for the period 2014-19, in terms of Regulation 8(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (in short “the 2014 Tariff Regulations”) and for determination of tariff of the generating station for the period 2019-24, in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (in short “the 2019 Tariff Regulations”).

2. The generating station is located in the State of Sikkim which comprises of three units of 20 MW capacity each and was declared under commercial operation on 15.2.2000. The annual fixed charges of the generating station were approved by Commission’s order dated 6.1.2016 in Petition No.232/GT/2014, based on the capital cost of Rs. 49475.59 lakh as on 31.3.2014. Accordingly, the capital cost and the annual fixed charges of the generating station allowed for the period 2014-19, vide order dated 6.1.2016 is as under:



### Capital Cost allowed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital Cost	49475.59	49495.70	49495.70	49498.92	49746.02
Admitted additional capitalization	20.11	0.00	3.22	247.10	290.81
Closing Capital Cost	49495.70	49495.70	49498.92	49746.02	50036.83

### Annual Fixed Charges allowed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Return on Equity	3920.12	3920.75	3920.85	3928.69	3945.53
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Depreciation	891.89	892.35	892.43	898.86	914.00
Interest on Working Capital	363.58	380.40	398.32	417.75	438.86
O&M Expenses	4576.46	4880.52	5204.78	5550.58	5919.36
<b>Total</b>	<b>9752.05</b>	<b>10074.03</b>	<b>10416.38</b>	<b>10795.88</b>	<b>11217.75</b>

### Present Petition

3. Regulation 8 (1) of the 2014 Tariff Regulations provides as under:

*“8. Truing up*

*(1) The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2019, as admitted by the Commission after prudence check at the time of truing up:*

*Provided that the generating company or the transmission licensee, as the case may be, shall make an application for interim truing up of capital expenditure including additional capital expenditure in FY 2016-17.”*

4. Accordingly, in terms of the above regulations, the Petitioner has claimed the capital cost and annual fixed charges vide affidavit dated 9.7.2021 (revised) for the period 2014-19, as under:

### Capital Cost claimed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening capital cost	49475.59	49556.18	49636.77	49697.89	49733.04
Add: Additional during the year	95.25	89.61	77.87	36.96	74.05
Less: De-capitalisation during the year	14.66	9.02	16.75	1.81	4.07
Add: Discharges during the year	-	-	-	-	-
Closing capital cost	49556.18	49636.77	49697.89	49733.04	49803.02
Average capital cost	49515.89	49596.48	49667.33	49715.47	49768.03



### **Annual Fixed Charges claimed**

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	893.27	897.32	900.96	903.92	906.79
Interest on Loan	-	-	-	-	-
Return on Equity	3962.03	3976.73	3949.77	3979.37	3998.36
Interest on Working Capital	364.58	381.80	399.18	419.03	439.91
O&M Expenses	4576.46	4880.52	5204.78	5550.58	5919.36
<b>Total</b>	<b>9796.34</b>	<b>10136.37</b>	<b>10454.69</b>	<b>10852.90</b>	<b>11264.41</b>

5. On behalf of the Respondents NBPDC and SBPDCL, BSHPC have filed reply vide affidavit dated 7.2.2022. In response, the Petitioner has filed rejoinder to the said reply on 7.3.2022. The Petitioner has also submitted additional information vide affidavit dated 9.7.2021, after serving copy on the Respondents. The Petition was heard through video conferencing on 25.1.2022, and the Commission after directing the Petitioner to file certain additional information, reserved its order in the matter. In response, the Petitioner has filed the additional information vide affidavit dated 21.2.2022, with copy to the Respondents. Based on the submissions of the parties and documents available on record, we proceed to examine the claims of the Petitioner, in this Petition, on prudence check, as stated in the subsequent paragraphs.

### **Capital Cost**

6. Regulation 9(3) of the 2014 Tariff Regulations provides as under:

*"9. Capital Cost:*

*(3) The Capital cost of an existing project shall include the following:*

- (a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014;*
- (b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulation 14; and*
- (c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15."*

7. The Commission vide its order dated 6.1.2016 in Petition No. 232/GT/2014 had approved the opening capital cost of Rs. 49475.59 lakh, as on 31.3.2014. The



Petitioner, in this petition has also claimed opening capital cost of Rs. 49475.59 lakh as on 1.4.2014. Accordingly, the capital cost of Rs. 49475.59 lakh, has been considered as the opening capital cost, as on 1.4.2014, for the purpose of truing-up of tariff for the period 2014-19.

### **Additional Capital Expenditure**

8. Regulation 14 of the 2014 Tariff Regulations provides as under:

*14. Additional Capitalisation and De-capitalisation:*

*(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

- (i) Undischarged liabilities recognized to be payable at a future date;*
- (ii) Works deferred for execution;*
- (iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;*
- (iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and*
- (v) Change in law or compliance of any existing law:*

*Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.*

*(2) The capital expenditure incurred or projected to be incurred in respect of the new project on the following counts within the original scope of work after the cut-off date may be admitted by the Commission, subject to prudence check:*

- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;*
- (ii) Change in law or compliance of any existing law;*
- (iii) Deferred works relating to ash pond or ash handling system in the original scope of work; and*
- (iv) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.*

*(3) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts after the cut-off date, may be admitted by the Commission, subject to prudence check:*

- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;*
- (ii) Change in law or compliance of any existing law;*
- (iii) Any expenses to be incurred on account of need for higher security and safety of the plant as advised or directed by appropriate Government Agencies of statutory authorities responsible for national security/internal security;*



- (iv) *Deferred works relating to ash pond or ash handling system in the original scope of work;*
- (v) *Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.;*
- (vi) *Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;*
- (vii) *Any additional capital expenditure which has become necessary for efficient operation of generating station other than coal / lignite based stations or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;*
- (viii) *In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) and due to geological reasons after adjusting the proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation;*
- (ix) *In case of transmission system, any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement due to obsolescence of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system; and*
- (x) *Any capital expenditure found justified after prudence check necessitated on account of modifications required or done in fuel receiving system arising due to non-materialisation of coal supply corresponding to full coal linkage in respect of thermal generating station as result of circumstances not within the control of the generating station:*

*Provided that any expenditure on acquiring the minor items or the assets including tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, computers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalization for determination of tariff w.e.f. 1.4.2014:*

*Provided further that any capital expenditure other than that of the nature specified above in (i) to (iv) in case of coal / lignite based station shall be met out of compensation allowance:*

*Provided also that if any expenditure has been claimed under Renovation and Modernisation (R&M), repairs and maintenance under (O&M) expenses and Compensation Allowance, same expenditure cannot be claimed under this regulation.*

*(4) In case of de-capitalisation of assets of a generating company or the transmission licensee, as the case may be, the original cost of such asset as on the date of de-capitalisation shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalisation takes place, duly taking into consideration the year in which it was capitalised.”*



9. We now examine the actual additional capital expenditure claimed by the Petitioner for the period 2014-19 as under:

**2014-15**

(Rs. in lakh)

S. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
<b>A. Items already approved by the Commission</b>					
1	Purchase of Bus	11.08	The Petitioner has submitted that the purchase of the bus was already approved by the Commission vide its order dated 6.1.2016 in Petition 232/GT/2014 under Regulation 14(3)(viii) of the 2014 Tariff Regulations. The Petitioner has further submitted that the actual amount of Procurement is Rs.11.09 lakh against the amount of Rs.10.5 lakh approved by the Commission due to enhancement of taxes and levies by the Government.	It is observed that the additional capitalisation of Rs. 10.50 lakh was allowed vide order date 6.1.2016 in Petition 232/GT/ 2014, towards purchase of buses. Accordingly, the additional capital expenditure claimed by the Petitioner is <b>allowed</b> under Regulation 14(3)(viii) of the 2014 Tariff Regulations. Though the old asset was decapitalized in 2015-16, the Petitioner has claimed the same under Assumed Deletions in 2014-15.	11.08
2.	Purchase of Digital Plasma cutting Machine, Portable ARC machine spares	6.55	The Petitioner has submitted that the Digital Plasma cutting Machine, Portable ARC machine spares was already approved by the Commission vide its order dated 6.1.2016 in Petition 232/GT/2014 under Regulation 14(3)(viii) of the 2014 Tariff Regulations. The Petitioner has further submitted that the actual amount of Procurement is Rs.6.55 lakh against the amount of Rs.10 lakh approved by the Commission.	It is noticed that the additional capital expenditure of Rs. 10 lakhs was allowed vide order dated 6.1.2016 for this item. Accordingly, the additional capital expenditure claimed by the Petitioner is <b>allowed</b> under Regulation 14(3)(viii) of the 2014 Tariff Regulations.	6.55
<b>Sub-total (A)</b>		<b>17.63</b>			<b>17.63</b>
<b>B. New Items as site specific conditions.</b>					
1	Site Store at Diesel	23.43	The Petitioner has submitted that A Diesel Power House	Based on the justification furnished by	23.43



S. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	Powerhouse at Rangit Power Station		and 11 KV / 415 V sub-station was constructed at Rangit Nagar for electricity supply to Dam, Admin Building & Residential complex during Commissioning. Initially there was no store at Diesel power House and 11 KV / 415 V substation, as such the spares related to Diesel Power house, substation and oil and lubricants for Diesel power house stored at central store and which is 15 KM far away. Hence a store is constructed locally for keeping spares and diesel for meeting the emergency condition and it also reduce the transportation expenditure. The substation will provide continuous supply to Dam for gate operation during monsoon season the discharge more than 100 to 300 times of required discharge of all the machines and Radial gates, silt flashing tunnel gates, and silt flashing gallery gate are always required to be in working condition so this store will reduce time making available spares & Diesel. Asset was put to use in 2014-15.	the Petitioner and considering the fact that the asset is required for the successful and efficient operation of plant, the same is <b>allowed</b> under Regulation 14(3)(viii) of the 2014 Tariff Regulations.	
2	Installation of LT Distribution Panel with cabling from main control panel to overhead line in Dam	3.70	The Petitioner has submitted that power supply required to dam is being drawn from 11 KV / 415 V sub-station. The power is distributing at dam through LT distribution panel. In case of any emergency, there is no redundant LT distribution system exist in previous power supply scheme. Hence, a LT panel is purchased for creating redundancy supply to the Dam.		3.70
3	Supply, erection &	1.68	The Petitioner has submitted that there was no LT	Based on the justification furnished by	1.68

